Littleton Avenue Community Village Newark, Essex County

Updated July 12, 2016, 4:00 p.m.

QUESTIONS AND ANSWERS

In connection with the Agency's issuance of its Request for Offers to Purchase for the Sale of Notes and Mortgages Held on Littleton Avenue Community Village on February 16, 2016, the Agency received questions from members of the public. In accordance with the procedures set forth in Section 6.0 of the RFOTP, the questions and the Agency's answers are provided as follows:

- Q: Will the Agency (NJHMFA) deliver the Note & Mortgage free and clear of all liens and encumbrances? Such as an NJHMFA Loan (note-7) in the amount of approx. \$781,931; the City of Newark Mortgage in the amount of \$2,503,080; and a PNC Line of Credit in the amount of \$8,620.
- A: The Agency will assign all of its notes and mortgages to the purchaser. Based on information available, the Agency holds a first lien position. The amount due on the Agency's first lien exceeds \$6,300,000.00 in principal and interest and over \$780,000 in taxes advanced, for a collectable amount exceeding \$7,000,000.
- Q: Have the Original Syndicators of the Tax Credits been taken out, if not, will this be done before the sale of the Note & Mortgage?
- A: This project is no longer in the Low Income Housing Tax Credit program. It was one of our earliest projects, funded in 1989. No tax credit deed restriction exists (it was not required) and the project is no longer monitored by the Agency's Tax Credit Division.
- Q: Is it possible for the Agency to offer a reasonable rent increase on the 102 Rental Units before the final sale of the Note & Mortgage?
- A: The Agency does not own or manage the project which is the subject of the notes and mortgage being sold. Rent increases will only be considered upon the application of the owner of the project.
- Q: Will the new owner be subjected to any of the Agency's existing/new LIHTC or general affordable housing regulations after Acquisition of the development?
- A: There are no LIHTC deed restrictions in place. Prospective offerors should refer to the Agency's Deed Restriction and Regulatory Agreement executed in connection with the Agency's mortgage loans.
- Q: While we understand that the current owner "MAY be WILLING" to offer a Deed in-lieu of foreclosure, if that process breaks down and foreclosure becomes necessary, will the Agency assists in any way to remove the Current Owner/Manager from the Day-to-Day operation of the Development?
- A: As mortgagee and not the fee owner of the project, the Agency is not in a position to remove the manager of the project. Once the notes and mortgage are assigned, the Agency would have no ability or standing to remove a manager.

- Q: Is the successful bidder of the mortgage/note subject to the terms and conditions of the note/mortgage that will be assigned to the winning bidder?
- A: It is anticipated that the assignee of the Agency's notes and mortgage will control them upon assignment.
- Q: Does the mortgage contain any personal guarantees from the current owner?
- A: No.
- Q: What is the likelihood that the Agency will try to renegotiate the winning bid to get a better deal for itself, like for instance using an appraisal to establish a higher price?
- A: See The Agency's Policy for Sale of Property, Sections 14(b) and 15.
- Q: Is this RFOTP a sealed bid process or a negotiated process?
- A: See The Agency's Policy for Sale of Property, Sections 9 et seq.
- Q: After a wining party is selected, a challenge can be made by other bidders within 10 days contesting the selection made by the Agency. If a challenge is made, how does the process play out?
- A: See The Agency's Policy for Sale of Property, Section 17.
- Q: The winning bid is subject to public disclosure which includes financial information of its principals. In connection with the above to what extent is financial disclosure required?
- A: See The Agency's Policy for Sale of Property, Section 18(b)